

August 24, 1999

MEMORANDUM FOR: All Plants and Users of USDC Seafood Inspection
Program Services

FROM: Samuel W. McKeen
Director, Seafood Inspection Program

SUBJECT: Notice of Change in Fees and Charges for the U.S.
Department of Commerce Seafood Inspection
Program--Effective October 1, 1999

Beginning October 1, 1999, the basic hourly fee for full-time Type 1, non-HACCP, in-plant inspection services provided by the USDC Seafood Inspection Program (Program) will be \$49.30. This is an increase of \$2.95 or 6.4 percent to finance increased salary and general operating costs, and address the loss of appropriated funding. The FY 2000 rate also reflects the inclusion of certain analytical testing services, previously billed separately to individual HACCP customers, into the Program's cost structure. Additional discussion of the issues affecting the FY 2000 rate structure follows:

- o **Federal Pay Act Increase:** The salaries of Federal employees are typically adjusted on an annual basis as authorized by a Federal Pay Act. We anticipate that the Federal Pay Act for 2000 will increase salaries by 4.8 percent.

- o **Loss of Appropriated Funds:** In past years the Program provided certain services that addressed issues and/or provided benefits throughout the industry--to Program customers and non-customers alike. These services were financed by appropriated funds and were therefore not included in the fee base. Appropriated funds supported activities in sensory science, processing and product standards, and trade issues regarding foreign export requirements. No appropriated funding is included in the FY 2000 budget for the Seafood Inspection Program. Although the Program has reduced spending by eliminating unfunded activities and reassigning personnel, a portion of the sensory science activity (previously funded by appropriation) needs to be continued to support USDC inspector training and operations. These costs are included in the FY 2000 fee structure.

- o **Analytical Verifications and Testing:** In prior years, the Program has billed the costs for analytical verifications conducted under its HACCP program separately to individual customers. The Program has also advised in previous notices that additional laboratory analyses may be needed to ensure safe, wholesome, and properly labeled fishery products. Beginning in FY 2000, periodic laboratory testing will be carried out in order to further verify that all Program participants with in-



plant inspection activities (i.e., traditional Type 1, IQA, and HACCP) are manufacturing/distributing safe, wholesome and properly labeled products. The need for such analytical testing will be determined by the Program on a case-by-case basis. Rather than bill the costs for these laboratory activities separately, the Program will include them into the fee base for the Program. In the event that routine oversight reveals a deficiency in sanitation, process controls, and/or product, additional laboratory testing may be warranted. Such additional testing can incur specific charges to the individual firm based on the fees delineated under the Analytical Services section of this memorandum, or quoted by outside laboratories. The Program will also continue to provide analytical services upon request at the rates quoted in this memorandum. In the event that the analytical test is not performed by the Seafood Inspection Program, the rate charged by the laboratory performing the test will be applied.

o Program Transfer to the Food and Drug Administration (FDA): The Administration has proposed (in the President's Budget for FY 2000 and in separate legislation) the transfer of the USDC Seafood Inspection Program to FDA in order to improve the efficiency and effectiveness of Federal inspection and certification functions relative to fish and fishery products. The transfer is proposed to occur as early as October 1, 1999. Such a transfer has the potential to reduce the Program's operating costs due to FDA's willingness to offer overhead support at a rate that is substantially below the level currently available in Commerce. Because the timing of such a transfer is uncertain, the impact is not considered in developing the FY 2000 budget. An early transfer to FDA could result in a reduction to the rates contained in this memorandum resulting from projected operating cost savings. Otherwise, the rates for FY 2000 (and beyond) will of necessity be higher than they would otherwise be at FDA.

The method for establishing the rate structure for less than full-time service contracts and other service types remains unchanged. Charges for certain label reviews will continue as well as the requirement for prepayment for new non-contract customers.

FEES AND CHARGES FOR USDC SEAFOOD INSPECTION PROGRAM

Effective October 1, 1999, the per hour fees and charges for Type 1, 2, and 3 fishery products inspection services (except Alaska) will be as follows.

TYPE 1 - OFFICIAL ESTABLISHMENT AND PRODUCT INSPECTION SERVICES

FOR 40 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	\$49.30
OVERTIME (EXCEPT ALASKA).....	73.95
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	98.60

FOR 25-39 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	51.77
OVERTIME (EXCEPT ALASKA).....	77.65
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	103.53

FOR <25 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	54.23
OVERTIME (EXCEPT ALASKA).....	81.35
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	108.46

HACCP

HACCP REGULAR.....	81.35
HACCP OVERTIME.....	122.02
HACCP SUNDAY & HOLIDAYS.....	162.69

TYPE 2 – LOT INSPECTION

REGULAR TIME (EXCEPT ALASKA).....	78.88
OVERTIME (EXCEPT ALASKA).....	118.32
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	157.76

TYPE 3 - CONTRACT LOT INSPECTION, MISC. & CONSULTATIVE SERVICES

FOR 40 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	66.56
OVERTIME (EXCEPT ALASKA).....	99.83
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	133.11

FOR 25-39 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	69.88
OVERTIME (EXCEPT ALASKA).....	104.82

SUNDAY & HOLIDAYS (EXCEPT ALASKA).....139.77

FOR <25 HR/WEEK CONTRACTS—

REGULAR TIME (EXCEPT ALASKA).....	73.21
OVERTIME (EXCEPT ALASKA).....	109.82
SUNDAY & HOLIDAYS (EXCEPT ALASKA).....	146.42

The basis for determining the appropriate fee to be charged is as follows:

TYPE 1

Regular time: Services provided during any 8-hour shift.

Overtime: Services provided in excess of 8 hours per shift per day.

In addition to any hourly service charge, a night differential fee equal to 10 percent of the employee's hourly salary will be charged for each hour of service provided after 6:00 p.m. and before 6:00 a.m.

Type 2 and 3

Regular time: Services provided within the inspector's normal work schedule, Monday through Friday.

Overtime: Services provided outside the inspector's normal work schedule, Monday through Friday, and on Saturdays.

In keeping with the intent of the authorizing legislation and the policies of the Program to charge fees to recover the costs of providing inspection services, the hourly rates charged to contract lot inspection users who provide complete and acceptable facilities which are used by USDC inspectors to conduct the necessary official contract functions will be those delineated under Type 1. In all other cases, contract lot inspection users will be charged Type 3 rates.

Analytical Services: Applicants requesting specific analyses to be performed in a NMFS laboratory or participants which are required to have product analyzed (as previously discussed) will be charged at the rates identified below. Shipping costs for samples will also be assessed. Analyses performed in a private or other non-NMFS laboratory will be charged at the current rate for that laboratory. Charges based on these fees will be in addition to any hourly rates charged for lot, miscellaneous, and consultative inspection service as well as to any hourly rates charged for inspection services provided under a contract.

MICROBIOLOGY

Total aerobic plate count.....	\$25.00
Coliform/ <u>E. coli</u>	35.00
Staph. aureus.....	30.00
Salmonella.....	40.00
Listeria.....	35.00

CHEMISTRY

Histamine.....	\$30.00
Sodium Bisulfite.....	10.00
Chloramphenicol.....	30.00

Notes on Analytical Services: All charges are per sample. Sampling and travel time where applicable will be assessed using the Type 2 rates. Mileage costs will be assessed at the current rate. For other analyses not shown, the Program will identify a governmental or private laboratory with recognized capabilities and establish the charges that will be assessed by that laboratory. This information will be communicated to the applicant for their concurrence prior to sampling the product or submitting the samples for testing.

State of Alaska: Charges for services provided in Alaska by NMFS inspectors will be at the rates specified above, plus cost of living allowances. The rates outlined below are for services provided by cross-licensed State of Alaska inspectors. The rates charged in the State of Alaska are subject to change based on information supplied by the Alaska Department of Environmental Conservation.

STATE OF ALASKA

	Aleutian Chain, Bristol Bay, Dillingham	Southeast & South Central, Anchorage, Kenai, Juneau, Ketchikan	Remainder of Alaska, including Kodiak
TYPE 1	Per Hour	Per Hour	Per Hour
<u>Non-HACCP:</u>			
Regular Time	\$ 55.88	\$ 46.10	\$ 49.38
Overtime	83.82	69.15	74.07
Sunday/Holiday	111.76	92.20	98.76

<u>HACCP:</u>			
Regular Time	83.82	69.15	74.07
Overtime	125.75	103.73	111.05
Sunday/Holiday	167.64	138.30	148.14
TYPE 2			
Regular Time	95.00	78.37	83.95
Overtime	142.50	117.56	125.92
Sunday/Holiday	190.00	156.74	167.90
TYPE 3			
Regular Time	83.82	69.15	74.07
Overtime	125.73	103.73	111.11
Sunday/Holiday	167.64	138.03	148.14

